

**IN THE UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

<b>NICHOLAS S. GIORNO,</b>	:	<b>CRIMINAL NO. <u>05-</u></b>
<b>a/k/a "Mike Day,"</b>	:	
<b>JOSEPH J. KENNEY,</b>	:	<b>DATE FILED: <u>August 9, 2005</u></b>
<b>a/k/a "Kenney Jones,"</b>	:	
<b>ALEX J. JAFFE,</b>	:	<b>VIOLATIONS: 18 U.S.C. §§ 1341 &amp;</b>
<b>a/k/a "Jeff Jackson"</b>	:	<b>1346 (mail fraud - 5 counts)</b>
	:	<b>18 U.S.C. § 2 (aiding and abetting)</b>
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**INFORMATION**

**COUNT ONE**

**THE UNITED STATES ATTORNEY CHARGES:**

At all times relevant to this Information:

1. American Maintenance Products Incorporated ("AMP") was a sales organization which sold maintenance repair parts and tools, such as nuts, bolts, drill bits, and other hardware items via the telephone, a practice commonly known as telemarketing.
2. AMP was incorporated in the Commonwealth of Pennsylvania in or about 1995. AMP's corporate purpose was described as the broad sale and distribution of maintenance supplies.
3. AMP used several business addresses which included: (a) 1979 Pioneer Road, Huntingdon Valley, Pennsylvania; (b) 2049 Stout Drive, Suite B-1, Ivyland, Pennsylvania; and (c) P.O. Box 528, Abington, Pennsylvania.

4. Defendants NICHOLAS S. GIORNO, a/k/a “Mike Day,” JOSEPH J. KENNEY, a/k/a “Kenney Jones,” and ALEX J. JAFFE, a/k/a “Jeff Jackson” were employed as salesmen for AMP.

### **THE SCHEME**

\_\_\_\_\_6. From at least in or about 1995 to in or about July 2003, defendants

**NICHOLAS S. GIORNO,  
a/k/a “Mike Day,”  
JOSEPH J. KENNEY,  
a/k/a “Kenny Jones,”  
ALEX J. JAFFE,  
a/k/a “Jeff Jackson,”**

devised and intended to devise a scheme to defraud various companies throughout the United States of the intangible right to the honest services of their employees, as described below, and to obtain money and property by means of false and fraudulent pretenses, representations and promises.

### **MANNER AND MEANS**

\_\_\_\_\_It was part of the scheme that:

7. Defendants GIORNO, KENNEY, and JAFEE, contacted potential victims (hereinafter referred to as “victim companies”) by telephone after obtaining company names, addresses, and telephone numbers from a variety of sources including the Yellow Pages, Dunn and Bradstreet listings, and industry publications for the purpose of learning the identity of the employee responsible for ordering maintenance supplies. These initial calls were known as “cold calls.”

8. After learning the identity of the person within the victim companies responsible

for ordering maintenance tools and supplies, defendants GIORNO, KENNEY, and JAFEE, who often used aliases, offered the victim companies certain AMP products, primarily electrical tape, at a competitive price as an introductory offer.

9. Coupled with the offer of a competitive price, the defendants told the victim companies' representative that AMP was running a promotional campaign and that a promotional item would be sent to the representative's home address. The promotional item was typically a filet knife.

10. After selling the first product to the victim companies at a competitive price, defendants excessively priced all subsequent sales.

11. Following the initial sale of merchandise to the victim companies, the defendants sent money orders and Sears, American Express, Walmart, Sam's Club or Outback Steakhouse gift certificates to the victim companies' representative valued at between 5 to 10 percent of the sales price of the items sold to the victim company. Acceptance of the gift certificates, checks and money orders by the victim company representative was essential to the defendants' fraud scheme.

12. To insure that the inflated invoices sent to the victim companies were paid, and to prevent drawing attention to the full purchase price charged by the defendants for a particular item of merchandise, the defendants: (a) used part numbers with no description and unclear quantities unless the customers insisted upon item descriptions; and (b) subdivided individual orders into several invoices.

13. The defendants, during their sales pitch to victim companies, avoided discussing the price of the merchandise that they were selling.

14. The defendants used a catalogue of merchandise which did not list the price or quantity of items, making it difficult for a victim company to compare the prices charged by AMP with the prices charged by other companies in the maintenance supply products field.

15. The defendants prepared invoices with a purchase price that met a certain dollar amount in recognition of the fact that some of the victim companies' representatives had limited spending authority; thus, to avoid scrutiny of the invoices and to avoid stating the price that was being charged for a particular item of merchandise, the defendants caused false and misleading invoices to be prepared and sent to the victim companies.

16. The defendants arbitrarily changed item prices on invoices, depending on what was ordered, and increased or decreased individual item prices as necessary in order to make the total cost match a specific targeted amount.

17. The defendants employed a multi-tiered pricing structure which allowed the defendants to charge, at their discretion, one of seven or eight different prices for any given item offered by AMP. These prices increased significantly, in many instances by a factor of approximately eight times, from the lowest to the highest tier.

18. The defendants, in response to complaints by victim companies about the extraordinarily high invoice prices, misrepresented that the prices charged were due to the superior quality of the product or to a clerical or typographical error in the billing

19. The defendants made and attempted to make repeat sales to victim companies that initially failed to detect the overbilling or false billing and paid AMP's extraordinarily high invoice prices.

20. The defendants paid bribes and kickbacks to the purchasing agents of the victim

companies.

21. The defendants billed victim companies approximately \$2.5 million for merchandise. Defendant GIORNO was responsible for billings which defrauded victims companies of approximately \$803,495.93. Defendant KENNEY was responsible for billings which defrauded victim companies of approximately \$298,682.91. Defendant JAFFE was responsible for billings which defrauded victim companies of approximately \$ 899,444.18.

22. On or about October 31, 2002, in the Eastern District of Pennsylvania and elsewhere, defendant

**NICHOLAS S. GIORNO,  
a/k/a "Mike Day,"**

for the purpose of executing the scheme described above, and attempting to do so, and aiding and abetting its execution, placed in an authorized depository for mail matter a matter to be sent and delivered by the Postal Service, that is, an envelope addressed to Tower Isles Frozen Food, 2025 Atlantic Avenue, Brooklyn, New York, 11233, containing American Maintenance Products Incorporated invoice #1001957 requesting payment in the amount of \$2,132.15 for merchandise described in the invoice by part number.

In violation of Title 18, United States Code, Sections 1341, 1346 and 2.

**COUNT TWO**

**THE UNITED STATES ATTORNEY FURTHER CHARGES:**

1. Paragraphs 1 through 21 of Count One are incorporated here.
2. On or about June 8, 2001, in the Eastern District of Pennsylvania and elsewhere,  
defendant

**NICHOLAS S. GIORNO,  
a/k/a "Mike Day,"**

for the purpose of executing the scheme described above, and attempting to do so, and aiding and abetting its execution, placed in an authorized depository for mail matter a matter to be sent and delivered by the Postal Service that is, an envelope addressed to Spirit Lake Sioux Tribe, P.O. Box 359, Fort Totten, North Dakota, 58335, containing American Maintenance Products Incorporated invoice #10012124 requesting payment in the amount of \$1,021.83 for merchandise described in the invoice by part number.

In violation of Title 18, United States Code, Sections 1341, 1346 and 2.

**COUNT THREE**

**THE UNITED STATES ATTORNEY FURTHER CHARGES:**

1. Paragraphs 1 through 21 of Count One are incorporated here.
2. On or about September 17, 2002, in the Eastern District of Pennsylvania and elsewhere, defendant

**JOSEPH KENNEY,  
a/k/a “Kenney Jones,”**

for the purpose of executing the scheme described above, and attempting to do so, and aiding and abetting its execution, placed in an authorized depository for mail matter a matter to be sent and delivered by the Postal Service that is, an envelope addressed to Bentley College, 174 Forrest, Street, Watham, Massachusetts, 02154, containing American Maintenance Products Incorporated invoice #10015811 requesting payment in the amount of \$658.00 for merchandise described in the invoice by part number.

In violation of Title 18, United States Code, Sections 1341, 1346 and 2.

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**COUNT FOUR**

**THE UNITED STATES ATTORNEY FURTHER CHARGES:**

1. Paragraphs 1 through 21 of Count One are incorporated here.
2. On or about December 12, 2002, in the Eastern District of Pennsylvania and elsewhere, defendant

**JOSEPH KENNEY,  
a/k/a "Kenney Jones,"**

for the purpose of executing the scheme described above, and attempting to do so, and aiding and abetting its execution, placed in an authorized depository for mail matter a matter to be sent and delivered by the Postal Service that is, an envelope addressed to Coldwell Banker First Realty-Encore, 2731 12<sup>th</sup> Avenue, Southwest, Fargo, North Dakota, 58103, containing American Maintenance Products Incorporated invoice #10010363 requesting payment in the amount of \$658.00 for merchandise described in the invoice by part number.

In violation of Title 18, United States Code, Sections 1341, 1346 and 2.



**COUNT FIVE**

**THE UNITED STATES ATTORNEY FURTHER CHARGES:**

1. Paragraphs 1 through 21 of Count One are incorporated here.
2. On or about August 14, 2000, in the Eastern District of Pennsylvania and elsewhere, defendant

**ALEX J. JAFFE,  
a/k/a "Jeff Jackson,"**

for the purpose of executing the scheme described above, and attempting to do so, and aiding and abetting its execution, placed in an authorized depository for mail matter a matter to be sent and delivered by the Postal Service that is, an envelope addressed to Jacksonville Memorial Hospital, P.O. Box 16325, Jacksonville, Florida, 32245, containing American Maintenance Products Incorporated invoice #16524 requesting payment in the amount of \$743.89 for merchandise described in the invoice by part number.

In violation of Title 18, United States Code, Sections 1341, 1346 and 2.

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**PATRICK L. MEEHAN**  
**United States Attorney**